

**Washington, D.C.** - The House passed broad legislation today to reduce residential foreclosures and strengthen the housing sector and overall economy. It included provisions authored by Congresswoman Melissa Bean that seek to increase accountability and reduce taxpayer risk.

Bean said the bill, an amended version of H.R. 3221, “Would stabilize the housing market by reducing risk to lenders who keep qualified borrowers in their homes instead of foreclosing.”

The bill also includes provisions to increase oversight of the FHA and government-sponsored enterprises like Fannie Mae and Freddie Mac.

The bill also includes a package of tax provisions, including a tax credit for first-time homebuyers and expanded eligibility to allow millions of additional homeowners a chance to deduct their property tax payments from their federal income taxes.

It passed as a series of votes, 266-154, 322-94, and 256-160, with Bean’s support.

Bean said, “I urge the Senate and Administration to act quickly on this crucial legislation and on the mortgage reform legislation which passed last year to avoid future challenges.”

Bean’s first amendment will prohibit borrowers who had misstated their income on their mortgage documents or been convicted of mortgage fraud from participating in the government-backed refinancing program. It will require borrowers to certify to the FHA that they have not knowingly provided false information in order to obtain their existing mortgage.

In addition, FHA-approved lenders must conduct a criminal background check to determine if the borrower has committed mortgage fraud. Any individual who has been convicted of mortgage fraud in the last seven years would be ineligible for the FHA refinance program.

“This amendment will prevent borrowers who have abused the system from being able to get into this program,” Bean explained.

Bean says her second amendment, “reduces taxpayer risk by increasing the government’s stake in FHA-refinanced mortgages for the life of the mortgage.”

Originally, the bill required the government to receive a portion of profits from a sale or refinancing for only the first five years of the mortgage. Bean’s amendment would give the government a stake in the profit from a sale or refinancing starting at 100 percent in the first year, reducing to a 50 percent equity stake after the third year for the life of the mortgage.

In addition, the amendment prohibits borrowers from using the equity gained through the reworked mortgage to receive an equity line of credit or second mortgage for the first five years.

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